

Risk assessment table / PFM RP Action Plan 2024

No.	Functional area	Impact area	Risk trigger event, situation or factor	Risk level	Mitigation measure	Responsibility	Completed ? (Yes / No)	Risk active / closed ?
Pillar 1 - Economic Analysis, Macroeconomic and Fiscal Framework								
Priority 1. Revenue Forecasting and Reporting		Measure 1: Improving tax and customs reporting in accordance with the EU best practices	Lack of sufficient technical assistance	Moderate	Realisation of permanent trainings of the employees	MoF and partners for technical assistance	No	Active
		Measure 2: Enhancing tax and customs modelling capacity	lack of necessary data		Signing protocols with the relevant institutions	MoF and relevant institutions		
Priority 2. Economic Analysis and Macroeconomic Forecasting		Measure 1: Capacity building for economic analyses Measure 2: Developing new macroeconomic models	Insufficient capacities	Moderate	The Ministry of Finance needs to employ highly qualified personnel for matters related to macroeconomic projections and macroeconomic data analyses	MoF	No	Active
Priority 3. Strengthening Debt Management		Measure 1: Reduction of operational risks in public debt management	Insufficient human capacity	Moderate	The Ministry of Finance should employ highly qualified personnel for matters related to public debt management (knowledge of the international capital	MoF	No	Active
			Outflow of educated staff		Permanent training and improvement of the existing staff in the public debt management unit is needed			

Pillar II - Revenue Mobilisation							
Priority 1. Tax and Customs Policy	Measure 1: Improved Revenue Legislation Framework, Harmonised with the EU Acquis	Outflow of educated staff	Moderate	The Ministry of Finance should employ highly qualified personnel for matters related to drafting tax legislation and harmonisation with EU Acquis public debt management (knowledge of best EU tax practices)	MoF and PRO	No	Active
Priority 2. Tax Administration	Measure 1: Strengthen administrative capacity for better revenue collection and tax compliance	Untimely implementation of all stages in the process of making legal changes	Low	Continued communication between PRO and MF	PRO, MF	No	Active
		Not introducing compliance risk management	Moderate	Establishment of Compliance Risk Management Committee	PRO (CRMU)	Yes	Closed
	Measure 2: Digital transformation of the PRO with the establishment of an Integrated Tax Information System (ITIS)	Insufficient commitment to high management	Low	Establishment of Reform Steering Committee	PRO (PRO's Collegium)	Yes	Closed
		Lack of finance	Moderate	Strong commitment and coordination of all stakeholders to secure finance	PRO (PRO's Collegium), MF	Yes	Closed
		Regular and accurate delivery of contracted goods and services	High	Implementation of project activities for the introduction and coordination of the performance of each functional unit. Continuous monitoring of contracts for the delivery of goods and services and regular control of the quality of delivery.	PRO (High management), Reform Management Unit, Sector for digitalization),	No	Active
		Involvement of other concerned institutions and third parties to cooperate with the PRO in the implementation of the program in the area of system integration and regulatory harmonization/Disinterest of concerned third parties may jeopardize implementation.	High	Formation of joint working groups/councils with stakeholders	PRO, MF	No	Active
		Appropriately designed/redesigned business processes	Medium	Conducting a comprehensive analysis and understanding of the needs of taxpayers and the community; • Using experiences from other tax administrations; Forming working groups	PRO (tax function, Reform Management Unit, Sector for digitalization),	No	Active
		Lack of expertise and commitment of PRO employees, especially IT staff	Medium	Strong commitment and coordination of all stakeholders to increase the capacity of IT staff	PRO (high management), SHR-Sector for human resources, TA-tax academy, SFA-Sector for financial affairs	No	Active
		Adequate information to the public and stakeholders	Low	Preparation of a communication plan; Coordination of information that is placed in the public, cooperation with all stakeholders	PRO (DDT-Direktorat for digital transformation, SSDPR-Sector for Support of the Director and Public Relations)	No	Active
		Significant changes in the legislation	High	Harmonization with existing legislation	PRO, MF	No	Active
		A different level of staffing of customs services can be an incentive for organized criminal networks to redirect their operations to border points with weaker customs control.		Adequate education of human resources according to needs and provision of appropriate technical means for better equipment, monitoring of the situation and coordination of all border points, including cooperation with other institutions with competences at border crossings.	Customs Administration, Ministry of Finance		

Priority 3. Customs	Measure 2: Modernization of customs services and their digitalization	Timely and quality implementation of trainings for handling the new sophisticated control equipment	Medium	Coordination between the concerned organizational units in the Customs Administration, the project teams and the staff of the Customs Administration during the definition and implementation of the trainings	Customs Administration	No	Active
		Untimely implementation of all stages in the process of alignment with EU systems		Timely provision/approval of available financial resources, Commitment and timely coordination of all stakeholders	Customs Administration, Ministry of Finance, (EU)		

Pillar III - Planning and Budget							
Priority 1. Budget Planning	Measure 1: Advancement of medium-term planning	Human potential for implementation	Average	Personnel strengthening in the Ministry of Finance and budget users through training and professional development	Ministry of Finance and Budget users	No	Active
	Measure 2: Improved budget planning and development of measurable performance indicators						
	Measure 3: Fiscal consolidation for gradual and sustainable reduction of the budget deficit						
Priority 2. Strengthened Public Investment Management	Measure 1: Planning Sustainable Levels of Investment Measure 2: Improved project appraisal, selection and allocation of resources for capital investments	Untimely and insufficient staffing of the PIM Department in the MoF with qualified staff	High	Planning and realisation of new recruitments in the PIM department; Implementing a policy/strategy for attraction, motivation and retention of qualified staff	MoF	No	Active
Priority 3. Effective Instruments under the Growth Acceleration Plan	Measure 1: Establishment of different funds in the state institutions and development of different financial instruments Measure 2: Strengthening the capacities of various institution	Untimely adoption of the legal changes regarding the establishment of the Funds and units in the institution	Moderate	Strong commitment and coordination of all stakeholders to secure establishment of the funds and units for strengthening capacities.	FTD/FEZ/DBNM/ALRD	No	Active

Pillar IV - Public Procurement							
Priority 1. Public Procurement Policy	Measure 1: Strengthening institutional capacities	Whether all concerned institutions will be involved in the activities of the advisory group	Low	Ensuring strong commitment, effectiveness and coordination between stakeholders	PPB	No	Active
		Untimely adoption of the legal changes regarding the education system of the Public Procurement Bureau	Substantial	Timely initiation of the procedure for legal amendments	PPB/ME/GOV/Assembly		
Priority 2. Public Private Partnerships (PPPs)	Adoption of the Law on Public Private Partnership	The Proposal Law on public private partnership is in the phase of sent requests for opinion from the relevant institutions. After the harmonizing with the opinions the Draft Law on public private partnership will be delivered in the Government procedure.	Medium	Ensuring strong commitment, effectiveness and coordination between stakeholders	Government/Assembly	No	Active
Priority 3. Appeal Mechanism	Strengthening the administrative capacity of SAC and increasing the transparency, efficiency and effectiveness of SAC	1. Inability to decide within the legal deadlines, possibility for outflow of professionally qualified staff 2. Possibility of outflow of professional staff and bringing in a situation of difficult functioning of the Commission 3. System failure	Substantial	Strengthening the administrative capacity of the SAC through the employment of a sufficient number of qualified experts	SAC/Ministry of Finance	No	Active
Pillar V - Integrated Public Finances							
Priority 1. Implementation of an Integrated Financial Management Information System (IFMIS) to Support the Implementation of Public Financial Management Reforms and Organic Budget Law	Measure 1: IFMIS is fully operational to support the implementation of OBL reforms	Insufficient staffing and insufficient training of human resources	Moderate	Selection of experienced and qualified personnel in the Working Body for IFMIS and their appropriate training is required	MoF	Yes	Closed
Priority 2. Strengthen the Accounting of Budgets and Budget Users	Measure 1: Strengthening the accounting system by applying of new accounting practices	Insufficient human capacity in the Financial System Department	low	The Ministry of Finance should employ highly qualified personnel for work related to knowledge in the field of accounting in the public sector.	MoF	No	Active
Priority 3. Public Finance Academy	Continuous training in the field of public finance	Insufficient human resources in the Academy of Public Finance	Medium	planning new hires - establishment of motivation and retention policies	MoF	No	Active

Pillar VI - Public Internal Financial Control							
Priority 1. Financial Management and Control	"Harmonization of the system of internal financial control in the public sector in the Ministry of Finance"	Insufficient staffing and training of personnel resources	Medium	planning new hires - establishment of motivation and retention policies - provision of continuous trainings	MoF and public sector entities	No	Active
Priority 2. Internal Audit							
Priority 3. Financial Inspection	Improving the legal framework	Insufficient human capacity	High	Commitment of top and middle management	Assembly of RNM	No	Active
	Introducing a system of annual remuneration of financial inspectors based on results	Non-enactment of the Law on Financial Inspection in the Public Sector	Moderate	Strong commitment and coordination of all stakeholders for the adoption of the new Law on Financial Inspection in the Public Sector	MoF		
	Improved methodologies and systematization (increasing the added value of the financial inspection function)	Non-adoption of the Law on Financial Inspection in the Public Sector	Substantial	Strong commitment and coordination of all stakeholders	MoF		
	Designing a concept for obtaining a license for a financial inspector	Failure to submit a Program for theoretical training and practical work and a Program for taking and conducting an exam for obtaining a license for a financial inspector	Moderate	Strong commitment and coordination of all stakeholders	Ministry of Finance and Twinning project		
	Preparation of the Program for the training of financial inspectors on an annual level	Failure to adopt a Program for the training of financial inspectors on an annual level	Low	Top management commitment	MoF		

Pillar VII - External Control and Parliamentary Oversight							
Priority 1: External Control and	Strengthen the legal framework for external audit	New draft State Audit Law for strengthening SAO financial and operational independence not submitted and not adopted by the Assembly of RNM;	Moderate	Within the Twinning project activities, new draft State Audit Law was prepared. Opinion on the draft law was provided from: the twinning partner SAs of the Republic of Croatia and the Republic of Bulgaria; DG Budget of the European Commission; and INTOSAI Development Initiative (IDI). Auditor General handed over the draft State Audit Law to the Minister of Finance for further action and meetings are held between representatives from both institutions.	State Audit Office, Ministry of Finance and Assembly of RNM	No	Active
Priority 2: Parliamentary Oversight	Establishing mechanism for reviewing audit reports and measures taken upon audit recommendations by the Assembly of RNM	Inability to sign a Memorandum of Cooperation between the Assembly and the SAO;	Moderate	High-level meetings were held between the Auditor General and the President of the Assembly of the RNM, also representatives from the Assembly of the RNM actively participated in the activities of component 3 of the Twinning project, within which the activity for drafting a Memorandum of Cooperation is foreseen.	SAO, Assembly of RNM	Yes	Closed
	Establishing mechanism for reviewing audit reports and measures taken upon audit recommendations by the Assembly of RNM	Inability to prepare and adopt Procedures of the Assembly of RNM for the mechanism for review of audit reports;		In the framework of activities of component 3, written procedures for the Parliament of the Republic of North Macedonia have been developed for the delivery and review of audit reports and other documents to/by the Parliament. They will be final after the adoption of the new Law on State Audit and adjustment of the content of the procedures with it.		No	Active
	Strengthening the institutional capacities for reviewing audit reports in the Assembly of RNM	Inability to prepare amendments to the existing Manual "Introduction to Audit Reports";		A new Manual "The role of the State Audit Office and the Parliament in strengthening the efficiency in the management of public finances" has been prepared. It will be finalised after signing the MoU between SAO and Assembly of RNM and adjusting it.		Yes	Closed
	Strengthening the institutional capacities for reviewing audit reports in the Assembly of RNM	Inability to prepare a training plan		This activity will be implemented after adoption of the new State Audit Law, a training plan for MP and Assembly Staff will be prepared for strengthening institutional capacities for reviewing audit reports in the Assembly of RNM		No	Active

Pillar VIII - PFM at Local Level								
Priority 1. Fiscal Decentralisation Measure 1: Improving Fiscal Capacity and Increasing Municipal Revenues	New / revision of the Law on Financing of Local Self-Government Units	Late adoption of the new Law on Budgets, which is the basis for the preparation of this law	High	Strong commitment and coordination of all stakeholders for the adoption of the new law	Ministry of Finance and Parliament of RSM	No	Active	
	Increasing the own revenues of the municipalities, increasing the funds allocated to the municipalities from the central budget and introducing criteria for success and equalization	insufficient human capacity and limited financial resources, the need for additional analyzes and research, as well as a more ethical will to solve the problem	Moderate	Strong commitment and coordination of all stakeholders	Ministry of Finance, municipalities and Government of RSM			
	Revision of the criteria for allocation of block and earmarked grants and determination of criteria for allocation of capital grants	insufficient human capacity and limited financial resources, the need for additional analyzes and research, as well as a more ethical will to solve the problem			Ministry of Finance, Ministry of education and science Ministry of labor and social Policy Ministry of culture Ministry of defense Other competent ministries and institutions from where capital grants are transferred			
Priority 1. Fiscal Decentralisation Measure 2: Regional and Local Development	Establishment of the Agency for regional and local development and achieving balanced regional development	complexity of the procedure	Substantial	Strong commitment and coordination of all stakeholders	Ministry of Local Self Government	No	Active	
Priority 2. Financial Discipline, Transparency and Accountability at Local Level Measure 2: Increasing of the financial discipline	Realistic planning of the revenues and expenditures of the municipalities	insufficient human capacity	Moderate	Strong commitment and coordination of all stakeholders, especially of municipalities for implementation of provisions of the Law on financing LSGU	Municipalities and Ministry of Finance	No	Active	
	Rationalization of operations and reduction of unnecessary expenses			Strengthening of human capacities	Ministry of Finance			
	Analysis of the liabilities of the municipalities, declaring financial instability and taking measures for financial consolidation			Strong commitment and coordination of all stakeholders				
Priority 2. Financial Discipline, Transparency and Accountability at Local Level Measure 2: Increasing the transparency and accountability in the work of the municipalities	Increasing control by the state	Not adpting the new Law on financial inspection in the public sector	Moderate	Strong commitment and coordination of all stakeholders	Ministry of Finance	No	Active	
		Not organising and performing the exam for acquiring licence for financial inspector	Substantial	Strong commitment and coordination of all stakeholders	Ministry of Finance			
	Improving the transparency and timely informing the general public about the work of the municipality	insufficient human capacity	Moderate	Strengthening of human capacities	Ministry of Finance			